

**LAW OFFICES OF
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May 2, 2014

Mr. Ryan Bahr
Section 2 Chief
Water Enforcement and Compliance Assurance Branch
U.S. EPA Region 5 (WC-15J)
77 West Jackson Blvd.
14th Floor
Chicago, Illinois 60604

RE Sanitary District of Highland Order for Compliance and
Request for Information Pursuant to 33 U.S.C. §§ 1318 and 1319(a)(3)
Docket No. V-W-11-AO-07

Dear Mr. Bahr:

As you are aware, I represent the Sanitary District of the Town of Highland, Indiana (Sanitary District). I am in receipt of your correspondence dated March 25, 2014, requesting additional information relating to the alternatives provided in the SSES. Pursuant to your request, please find the attached materials prepared by Terry Hodnik of NIES Engineering, which provides the following regarding the alternative approaches to addressing sanitary sewer overflows (SSOs), described as Alternates 1 and 3 in the SSES: a schedule for 25-year design level of control for Alternative 3, as well as schedules for 10 and 25-year design levels of control for Alternative 1. Also included is an updated schedule for 10-year design level of control for Alternative 3.

Following your review of the submitted information, you will see that none of the Alternatives fall within the bonding capacity of the Sanitary District. Moreover, none of the Alternatives, if implemented, would allow the Sanitary District to hold a portion of its bonding capacity in reserve to address other necessary capital improvements and to respond to unforeseen contingencies.

As you point out, the ongoing litigation with the Hammond Sanitary District (HSD) may serve to delay implementation of the Regional solution, Alternative 3. While the Sanitary District and other customer communities were successful in preventing HSD from cancelling the treatment contract, the ongoing appeal process is expected to take approximately one year. Until the appeal is resolved, it is unlikely that a joint agreement with HSD regarding Alternative 3 will be possible. The Sanitary District is hopeful that HSD will agree to proceed with the Regional solution, Alternative 3, once the appeal is resolved.

The Sanitary District has formulated a contingency plan (Contingency Plan) in order to prepare for the possibility that HSD does not accept increased pumping rates. The Contingency Plan is designed to accomplish the following goals:

1. Take immediate action toward significantly reducing SSOs;
2. Construct improvements which are components of both Alternative 3 and Alternative 1 and which will be necessary regardless of which Alternative is selected;
3. Construct improvements which the Sanitary District can afford, leaving a reasonable portion of bonding capacity in reserve to allow for additional necessary capital improvements and to respond to emergencies.

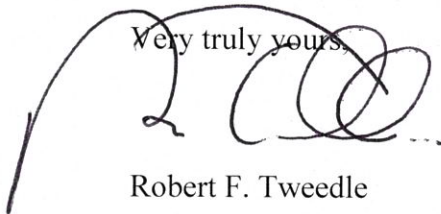
Based on the foregoing, the Sanitary District proposes the following Contingency Plan that provides an interim project to significantly reduce the impact of SSOs in the 5th Street Basin:

1. Construct 8.5 mg storage in the 5th Street Basin;
2. Build a new 36-inch interceptor in 5th Street from LaPorte Street north to the 5th Street Lift Station;
3. Provide additional pumping capacity at 5th Street to pump excess flows into storage;
4. Aggressively pursue identification and removal of I&I sources as follows:
 - a. RedZone Robotics, Inc. has been retained to televise the entire 5th Street Basin sanitary sewer system; provide an evaluation of condition for each pipe and manhole; and provide an asset management software system. This project will identify additional sources of I&I;
 - b. Stantec Consultants has been retained to perform micro flow monitoring in 10-inch and smaller sewers to help locate areas of high I&I in upstream sewer reaches within selected areas of the 5th Street Basin. Additional follow up investigations by local consultants will then attempt to identify and remedy the specific I&I source;
 - c. Smoke Testing Deficiency Correction Program. The Sanitary District is following up on an extensive smoke testing study which was completed in February, 2009 to confirm that identified sources of I&I have been addressed. This effort will provide a systematic approach to eliminate inflow sources and document corrective actions taken.

The Sanitary District estimates that the improvements contemplated by the Contingency Plan will take approximately two and one-half years to construct. The current estimated cost of the Contingency Plan, not including I&I remediation measures, is approximately \$18,183,000.

When the Contingency Plan is completed, the Sanitary District will be in a much better position to evaluate what additional measures may be necessary to reduce SSOs. The Sanitary District will keep the EPA informed of its progress in implementing the Contingency Plan, as well as the resulting impacts on SSOs on a regular basis.

Upon your review of the enclosed information, the Sanitary District would like the opportunity to meet with EPA to present the contents of the proposed Contingency Plan in more detail and to further discuss our plans in this matter. Please let me know the available dates for such a meeting. In the interim, should you have any questions regarding the above, or if I can be of any assistance, please do not hesitate to contact me.

Very truly yours,

Robert F. Tweedle

xc: Kieth Middleton, U.S. EPA
Andre Daugavietis, U.S. EPA
Highland Sanitary District

May 2, 2014

Mr. Ryan Bahr
Section 2 Chief
Water Enforcement and Compliance Assurance Branch
U.S. Environmental Protection Agency-Region 5
77 West Jackson Boulevard, 14th Floor
Chicago, IL 60604-3590

RE: 2nd Submittal of Scheduling and Financial Information
For Improvements Described in the
Highland, IN SSES Report Dated April 8, 2013

Dear Mr. Bahr:

Reference is made to your correspondence to the Town of Highland dated March 25, 2014 requesting additional information concerning scheduling, contingency planning and financial impact for improvements to reduce the occurrence of Sanitary Sewer Overflows (SSO's). Highland was to provide this information no later than April 11, 2014. Subsequently, the USEPA allowed an extension of time with a revised submittal date of May 2, 2014.

Highland's Sewer System Evaluation Survey (SSES) report, dated April 8, 2013, included a proposed schedule of improvements having a ten (10) year duration to completion. Subsequent correspondence dated September 19, 2013, provided a revised schedule and cost breakdown for Alternative 3-10 Year Storm, having a five (5) year duration. As requested in your March 25, 2014 letter, Appendix A provides revised schedules and cost breakdowns for Alternative 1-10 Year Storm, Alternative 1-25 Year Storm, Alternative 3-10 Year Storm and Alternative 3-25 Year Storm. All Alternatives have been presented with a five (5) year completion schedule.

As noted by Attorney Robert Tweedle in the cover letter to this correspondence, the Highland Sanitary Board (HiSB) has formulated a Contingency Plan to prepare for the possibility that the Hammond Sanitary District (HSD) will not agree to accept additional wastewater flows from Highland under the Alternative 3 regional approach. A primary element of the Contingency Plan involves constructing an initial group of improvements

in the first 2-1/2 years that could be utilized whether Alternative 1 or Alternative 3 is adopted at the end of the 2-1/2 year period. This initial group of improvements will have a significant impact on eliminating SSO's from the three remaining constructed overflows in 5th Street. Additionally, the initial 2-1/2 year schedule should provide sufficient time to resolve the current lawsuit, as well as cost-of-service rate making issues, with HSD, providing an improved climate for negotiating the Alternative 3 regional approach. As part of the initial 2-1/2 year Contingency Plan, HiSB is also proposing an aggressive approach to locating and eliminating Infiltration and Inflow (I/I) sources in the 5th Street Basin, as noted in Attorney Tweedle's cover letter.

A statement of General Obligation Bonding Capacity, prepared by the Highland Clerk Treasurer's Office, is included in Appendix B. The tabulation indicates that the current Available Bonding Capacity of the Highland Sanitary District was limited to \$30,941,938.60, as of March 1, 2014. The number is determined by taking 12 percent of one third of the Town's Assessed Valuation and subtracting the Highland Sanitary District's current outstanding debt of \$9,909,889.04. Additionally, the HiSB considers it prudent to maintain a portion of the Available Bonding Capacity in reserve, representing 10 percent of the Maximum Bonding Capacity (\$40,851,828), or about \$4,000,000. The reserve would be available to pay for unforeseen costs such as major emergency repairs or increases in preliminary costs provided by the Hammond Sanitary District for Highland's portion of Combined Sewer Overflow Improvements.

Alternative Project Costs from the April 8, 2013 SSES Report have been updated, as listed in Appendix A, and are summarized as follows:

- Alternative 1-10 Year Storm = \$36,785,195
- Alternative 1-25 Year Storm = \$42,998,497
- Alternative 3-10 Year Storm = \$31,799,274
- Alternative 3-25 Year Storm = \$35,448,717

The proposed financing arrangement would include financing most of the recommended project with GO Bonds, repaid through property taxes. Under the law used to organize the Highland Department of Public Sanitation and its Sanitary District, the use of revenue bonds is not authorized. Additionally, the Town of Highland's Net Assessed Valuation (AV) has been declining over the past 6 years, as shown in Appendix C. Based on the declining Net AV, Appendix D provides a summary of how debt capacity is affected by borrowing each of four amounts for each of the four Alternatives and on the schedule shown in Appendix A. Appendix D clearly shows that the HiSB will have insufficient Available Bonding Capacity to implement the second group of improvements for any of the four Alternatives if money is to be borrowed on the schedules shown in Appendix A.

Another way to assess the impact of this Project on the tax payers of the Town of Highland is to consider the effect of increasing the entire debt burden on its tax payers. At the end of 2012, the Total of All Debt was \$76,683,504, as taken from the Town's Comprehensive Annual Financial Report (CAFR) and summarized in Appendix E. The

three components of total debt include the **Direct Governmental** debt imposed by the Town of Highland, **Direct Business Activity** debt imposed by the Sanitary District and the Water Works Board, and **Indirect Overlapping Debt** imposed by other agencies including the School Town of Highland, North Township, Lake County Library, Lake County and the Lake County Solid Waste Management District. **As shown in Appendix E, the Per Capita Debt from all of these sources at the end of 2012 was \$3,269, while the Total Debt as a Percentage of Personal Income was 10.9%.** The CAFR Report for the year ending December 31, 2013 is not yet available.

We have roughly estimated the current Total of All Debt at \$123,082,778, by adding recent and proposed debt for the Town of Highland and the proposed lowest cost Alternative 3-10 Year project debt, as shown in Appendix F. The combined impact on the projected total debt, including 2012 Debt, recent and proposed Town Debt plus proposed Alternative 3-10 Year Project Debt, is then provided in Appendix G. Population and personal income data have been estimated based on historical data contained in the CAFR. **As shown in Appendix G, the Projected Per Capita Debt from all of these sources would increase to \$5,215, while the Total Debt as a Percentage of Personal Income would increase to 17.0%.** We also compiled similar data from 2012 CAFR reports filed by the City of South Bend, City of Fort Wayne, City of Noblesville and the Town of Fishers as shown in Appendix H. At 17.0%, Highland's projected Total Debt as a Percentage of Personal Income would be higher than any of the other four municipalities listed.

Appendix I provides another measure of the impact on homeowners. It illustrates that the Annual Cost per Customer for the Alternative 3-10 Year project calculates out at \$297.17. The implication is that the average tax bill would go up about \$300 per year for each homeowner, with implementation of the lowest cost project.

In summary, the Highland Sanitary District does not have adequate available bonding capacity to complete even the lowest cost Alternative 3-10 Year Project within a 5 year schedule. Further, the financial burden imposed by the Project, after all debt is taken into account, is considered severe based on the projected increase in Total Debt as a Percentage of Personal Income as well as property tax increases for individual homeowners.

Yours truly,
NIES Engineering, Inc.



Terrence J. Hodnik, P.E.
Sanitary District Engineer

cc: Highland Board of Sanitary Commissioners
Mr. Michael Griffin
Mr. Mark Herak
Mr. John Bach
Mr. Robert Tweedle

APPENDIX A
REVISED COMPLETION SCHEDULES
AND
PROJECT COSTS

Town of Highland
Board of Sanitary Commissioners
Sewer System Evaluation Survey

Engineer Cost Opinion - Alternative 1 - 10 Year Storm
Cost Breakdown

April 15, 2014

Task No.	Project Description	Base Construction Cost	Contingency 10%	Engineering, Legal & Finance 25%	Opinion of Project Phase Construction & Design Costs
1	5 th Street & 81 st Street Storage Tanks (Includes \$301,500 for Land Acquisition)	\$ 14,196,823.20	\$ 1,419,682.32	\$ 3,904,126.38	\$ 19,520,631.90
2	36" 5 th Street Relief Sewer	\$ 2,390,191.00	\$ 239,019.10	\$ 657,302.53	\$ 3,286,512.63
3	New 5 th Street Lift Station & 81 st Street Lift Stn Upgrade	\$ 3,009,750.00	\$ 300,975.00	\$ 827,681.25	\$ 4,138,406.25
4	Duluth Street Relief Sewer, 41 st Force Main, 5 th Street Lining, & 81 st Street Force Main to Storage	\$ 2,541,320.75	\$ 254,132.08	\$ 698,863.21	\$ 3,494,316.03
5	Hammond Improvements	\$ 4,497,400.00	\$ -	\$ -	\$ 4,497,400.00
	Totals	\$ 26,635,484.95	\$ 2,213,808.50	\$ 6,087,973.36	

April 8, 2013 SSES Report Engineer's Opinion of Project Cost (All Phases)	\$ 34,937,266.81
Increase for Alt 3 Lift Stn Cost at 5th Street in Phase 1	\$ 915,750.00
Increase for ENR CCI (2.6% Mar 2014)	\$ 932,178.00
Updated Engineer's Opinion of Project Cost (All Phases)	\$ 36,785,195.00

Note:

1) ENR CCI = Engineering News Record Construction Cost Index

Town of Highland
Board of Sanitary Commissioners
Sewer System Evaluation Survey

Engineer Cost Opinion - Alternative 1 - 25 Year Storm
Cost Breakdown

April 15, 2014

Task No.	Project Description	Base Construction Cost	Contingency 10%	Engineering, Legal & Finance 25%	Opinion of Project Phase Construction & Design Costs
1	5 th Street & 81 st Street Storage Tanks (Includes \$350,500 for Land Acquisition)	\$ 18,411,077.20	\$ 1,841,107.72	\$ 5,063,046.23	\$ 25,315,231.15
2	36" 5 th Street Relief Sewer	\$ 2,390,191.00	\$ 239,019.10	\$ 657,302.53	\$ 3,286,512.63
3	New 5 th Street Lift Station & 81 st Street Lift Stn Upgrade	\$ 3,575,750.00	\$ 357,575.00	\$ 983,331.25	\$ 4,916,656.25
4	Duluth Street Relief Sewer, 41 st Force Main, 5 th Street Lining, & 81 st Street Force Main to Storage	\$ 2,541,320.75	\$ 254,132.08	\$ 698,863.21	\$ 3,494,316.03
5	Hammond Improvements	\$ 4,497,400.00	\$ -	\$ -	\$ 4,497,400.00
	Totals	\$ 31,415,738.95	\$ 2,691,833.90	\$ 7,402,543.21	

April 8, 2013 SSES Report Engineer's Opinion of Project Cost (All Phases)	\$ 41,510,116.06
Increase for Alt 3 Lift Stn Cost at 5th Street in Phase 1	\$ 398,750.00
Increase for ENR CCI (2.6% Mar 2014)	\$ 1,089,631.00
Updated Engineer's Opinion of Project Cost (All Phases)	\$ 42,998,497.00

Note:

1) ENR CCI = Engineering News Record Construction Cost Index

Town of Highland
Board of Sanitary Commissioners
Sewer System Evaluation Survey

Engineer Cost Opinion - Alternative 3 - 10 Year Storm
Cost Breakdown

April 15, 2014

Task No.	Project Description	Base Construction Cost	Contingency 10%	Engineering, Legal & Finance 25%	Opinion of Project Phase Construction & Design Costs
1	5 th Street Storage Tanks (Includes \$161,000 for Land Acquisition)	\$ 7,241,519.00	\$ 724,151.90	\$ 1,991,417.73	\$ 9,957,088.63
2	36" 5 th Street Relief Sewer	\$ 2,390,191.00	\$ 239,019.10	\$ 657,302.53	\$ 3,286,512.63
3	New 5 th Street Lift Station & 16" Force Main to Hammond	\$ 4,060,350.00	\$ 406,035.00	\$ 1,116,596.25	\$ 5,582,981.25
4	Duluth Street Relief Sewer, 41 st Force Main & 5 th Street Lining	\$ 1,716,481.75	\$ 171,648.18	\$ 472,032.48	\$ 2,360,162.41
5	Hammond Improvements	\$ 9,806,700.00	\$ -	\$ -	\$ 9,806,700.00
	Totals	\$ 25,215,241.75	\$ 1,540,854.18	\$ 4,237,348.98	

April 8, 2013 SSES Report Engineer's Opinion of Project Cost (All Phases)	\$ 30,993,444.91
Increase for ENR CCI (2.6% Mar 2014)	\$ 805,829.57
Updated Engineer's Opinion of Project Cost (All Phases)	\$ 31,799,274.00

Note:

1) ENR CCI = Engineering News Record Construction Cost Index

Town of Highland
Board of Sanitary Commissioners
Sewer System Evaluation Survey

Engineer Cost Opinion - Alternative 3 - 25 Year Storm
Cost Breakdown

April 15, 2014

Task No.	Project Description	Base Construction Cost	Contingency 10%	Engineering, Legal & Finance 25%	Opinion of Project Phase Construction & Design Costs
1	5 th Street Storage Tanks (Includes \$301,500 for Land Acquisition)	\$ 9,638,400.00	\$ 963,840.00	\$ 2,650,560.00	\$ 13,252,800.00
2	36" 5 th Street Relief Sewer	\$ 2,390,191.00	\$ 239,019.10	\$ 657,302.53	\$ 3,286,512.63
3	New 5 th Street Lift Station 16" Force Main to Hammond	\$ 4,250,350.00	\$ 425,035.00	\$ 1,168,846.25	\$ 5,844,231.25
4	Duluth Street Relief Sewer, 41 st Force Main & 5 th Street Lining	\$ 1,716,481.75	\$ 171,648.18	\$ 472,032.48	\$ 2,360,162.41
5	Hammond Improvements	\$ 9,806,700.00	\$ -	\$ -	\$ 9,806,700.00
	Totals	\$ 27,802,122.75	\$ 1,799,542.28	\$ 4,948,741.26	

April 8, 2013 SSES Report Engineer's Opinion of Project Cost (All Phases)	\$ 34,550,406.28
Increase for ENR CCI (2.6% Mar 2014)	\$ 898,310.56
Updated Engineer's Opinion of Project Cost (All Phases)	\$ 35,448,717.00

Note:

1) ENR CCI = Engineering News Record Construction Cost Index

Town of Highland
Sewer System Evaluation Survey
Proposed Implementation Schedule - Revised April, 2014
Alternate 1 - 10 Year Return Period

Project Description	Project Stage	2014					2015					2016					2017					2018					2019					2020					2021					2022																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																
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First Bond Anticipation Note \$1,090,965



First Bond \$18,182,747



Second Bond Anticipation Note \$839,287



Second Bond \$18,602,447

**Town of Highland
Sewer System Evaluation Survey
Proposed Implementation Schedule - Revised April, 2014
Alternate 1 - 25 Year Return Period**

[illegible]

First Bond Anticipation Note \$1,111,195

▼ **First Bond \$18,519,967**

 **Second Bond Anticipation Note \$1,191,855**

▼ **Second Bond \$24,478,580**

Town of Highland
Sewer System Evaluation Survey
Proposed Implementation Schedule - Revised April, 2014
Alternate 3 - 10 Year Return Period

Project Description	Project Stage	2014				2015				2016				2017				2018				2019				2020				2021				2022															
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D
8.5 MG Storage Tank at 5th Street	Design																																																
	Loan																																																
	Construction																																																
36" 5th St. Relief Sewer	Design																																																
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New 5th St. Pump Station	Design																																																
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Duluth Street Relief Sewer 41st Street Force Main 5th Street Sewer Lining New Force Main to Hammond	Design																																																
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Payment for Hammond Improvements	Design																																																
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First Bond Anticipation Note \$1,090,965

First Bond \$18,182,747

Second Bond Anticipation Note \$231,291

Second Bond \$13,634,527

Town of Highland
Sewer System Evaluation Survey
Proposed Implementation Schedule - Revised April, 2014
Alternate 3 - 25 Year Return Period

Project Description	Project Stage	2014					2015					2016					2017					2018					2019					2020					2021					2022																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
		J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D	J	F	M	A	M	J	J	A	S	O	N	D																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																														
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First Bond Anticipation Note \$1,107,047

First Bond \$18,450,790

Second Bond Anticipation Note \$416,175

Second Bond \$16,997,927

APPENDIX B
GENERAL OBLIGATION BONDING
CAPACITY

FY 2014

Statement of General Obligation Bonding Capacity

Cert Assessed Valuation 2013:		\$1,024,265,514	IC 36-1-15-4		Computation of Legal Debt Margin			
Cert Assessed Valuation 2014:		\$1,021,295,711	\$340,431,903.67		Adjusted IC 36-1-15-4			
Municipal Corporation		Twelve Percent		Two Percent		Eight Percent		IC 8-1.5-4-18
Civil Town	Two Percent	Sanitary District		Parks & Recreation		Water Works District		Lease Payment
Max	\$6,808,638.07	Max:	\$40,851,828.44	Max:	\$6,808,638.07	Max:	\$27,234,552.29	Lincoln Center Building Corporation
Beginning Debt:	\$4,154,103	Twelve Percent Beginning Debt:	\$10,748,889.84	Two Percent Beginning Debt:	\$2,510,000.00	Eight Percent Beginning Debt:	\$0.00	Beginning Balance:
Issue Series		Issue Series		Issue Series		Issue Series		Lease/purchase paid
Series 2005	(\$54,000.00)	Series 2005	(\$59,000.00)	Series 2006	(\$185,000.00)			Outstanding
Series 2008	(\$190,000.00)	Series 2007 A	(\$73,000.00)	Series 2012 A	(\$30,000.00)	Series 2011Note	\$0.00	Lease Balance:
Series 2010	(\$60,000.00)	Series 2007 B	(\$56,000.00)	Series 2012 B	(\$85,000.00)			
Series 2013	\$0.00	Series 2009 A	(\$107,000.00)					Lease Payment
Outstanding Debt:	\$3,850,103.00	Series 2009 B	\$0.00		\$0.00			IC 36-1-10
		Series 2009 C	(\$84,000.00)					Parks & Recreation Bldg Corp.
		Series 2010	(\$65,000.00)					Beginning
		Series 2011	(\$395,000.00)					
Outstanding Debt:	\$3,850,103.00	Outstanding Debt:	\$9,909,889.84	Outstanding Debt:	\$2,210,000.00	Outstanding Debt:	\$0.00	Balance:
Percent of All G.O. Debt	24.1%	Percent of All G.O. Debt	62.1%	Percent of All G.O. Debt	13.8%	Percent of All G.O. Debt	0.0%	Lease/debt paid
								Outstanding
								Lease Balance:
								\$0.00
Bonding Capacity		Bonding Capacity		Bonding Capacity		Bonding Capacity		Tied to Debt not Lease
As of Mar 1 2014	\$2,958,535.07	As of Mar 1 2014	\$30,941,938.60	As of Mar 1 2014	\$4,598,638.07	As of Mar 1 2014	\$27,234,552.29	Remaining Lease
						Two Percent		5
								-
								As of Mar 1 2014

General Obligation Bond Capacity
Works & Development
Office of the Clerk-Treasurer
Town of Highland
3333 Ridge Road Highland, Indiana 46322-2089

Please note: The Civil Town debt limit is established by the Indiana Constitution. (Article 13 Debt)
The debt of the other entities are considered political subdivisions with special taxing districts. These are considered statutory debt limits and that is why the numbers can exceed the 2 per centum limit. Also, the civil town may exceed under emergencies.

Margin of Outstanding (G.O.) Debt to Tax Base: 1.6%
Total Outstanding G.O. Debt: \$15,969,993

Maximum Allowable Margin to Tax Base 9.3% \$95,320,933

Outstanding g.o. Debt: \$15,969,993
Outstanding Leases: \$17,340,000
Allowable G.O. Bond Capacity: \$79,350,940
Available Works Bond Capacity: \$74,752,302
Debt Ratio (G.O.) Per Capita \$673.95
Debt Ratio (G.O. & Lease) Per Capita \$1,405.72
Debt Ratio (Lease) Per Capita \$731.77

Total Outstanding Lease & GO Debt \$33,309,992.84

Redevelopment Department (Not TIF)	
Max:	\$6,808,638.07
Two Percent Beginning Debt:	\$0.00 *
Principal paid	
Issue Series	
Series 98	\$0.00 retired
Series 02	\$0.00 retired
Series 06	\$0.00
Outstanding Debt:	\$0.00
Percent of All G.O. Debt	0.0%

Bonding Capacity
As of Mar 1 2014 \$6,808,638.07

Corp. Warrant or Notes
17% Subject to Corp. Limitation

Beginning Debt: \$0.00
Principal paid \$0.00

Balance \$0.00

Sanitary District General Expense	Two Percent
Max:	\$6,808,638.07
Two Percent Beginning Debt:	\$0.00
Principal paid	\$0.00
Outstanding Debt:	\$0.00
	0.0%

Bonding Capacity
As of Mar 1 2014 \$6,808,638.07

All BOND ISSUES SOLD AFTER JAN 2006 have two principal payments per year where possible

APPENDIX C
CHANGE IN
CERTIFIED ASSESSED VALUATION
FOR TOWN OF HIGHLAND
OVER LAST SIX YEARS

	Certified Assessed Valuation	Delta
2009	1,081,218,846	
2010	1,096,253,782	1.39%
2011	1,034,572,598	-5.63%
2012	1,032,715,884	-0.18%
2013	1,024,265,514	-0.82%
2014	1,021,295,711	-0.29%
	Average Change in Certified AV	-1.10%

APPENDIX D

DEBT CAPACITY CALCULATION

Town of Highland
Board of Sanitary Commissioners
Sewer System Evaluation Survey

Debt Capacity Calculation
Alternative 1 - 10 Year Solution

May 2, 2014

Fiscal Year	Net Assessed Valuation (NAV) ¹	Gross Debt Capacity ²	Outstanding Debt ³	Debt Paydown	Net Debt Capacity ⁴	New Debt Issued	Exigency Reserve	Available Debt Capacity ⁵
2014	\$ 1,021,295,711	\$ 40,851,828	\$ 9,909,890	\$ 445,000	\$ 31,386,939	\$ 1,190,965	\$ 4,000,000	\$ 26,195,974
2015	\$ 1,010,061,458	\$ 40,402,458	\$ 10,655,855	\$ 2,080,965	\$ 31,827,568	\$ 18,182,747	\$ 4,000,000	\$ 9,644,821
2016	\$ 998,950,782	\$ 39,958,031	\$ 26,757,637	\$ 831,000	\$ 14,031,394	\$ 839,287	\$ 4,000,000	\$ 9,192,107
2017	\$ 987,962,324	\$ 39,518,493	\$ 26,765,924	\$ 1,707,287	\$ 14,459,856	\$ 18,602,447	\$ 4,000,000	\$ (8,142,591)
2018	\$ 977,094,738	\$ 39,083,790	\$ 43,661,084	\$ 794,500	\$ (3,782,794)	\$ -	\$ 4,000,000	\$ (7,782,794)

¹ Assumes a 1.1% decline in Net Assessed Valuation (NAV) each year, calculated from prior year's NAV, which corresponds to the average annual percent decline in NAV experienced over the past six years.

² Gross Debt Capacity is calculated as twelve percent of NAV divided by three.

³ Outstanding Debt (carried over from prior year) is calculated as prior year's Outstanding Debt minus prior year's Debt Paydown plus prior year's New Debt Issued.

⁴ Net Debt Capacity is calculated as Gross Debt Capacity minus Outstanding Debt plus Debt Paydown.

⁵ Available Debt Capacity is calculated as Net Debt Capacity minus New Debt Issued minus Exigency Reserve.

Town of Highland
Board of Sanitary Commissioners
Sewer System Evaluation Survey

Debt Capacity Calculation
Alternative 1 - 25 Year Solution

May 2, 2014

Fiscal Year	Net Assessed Valuation (NAV) ¹	Gross Debt Capacity ²	Outstanding Debt ³	Debt Paydown	Net Debt Capacity ⁴	New Debt Issued	Exigency Reserve	Available Debt Capacity ⁵
2014	\$ 1,021,295,711	\$ 40,851,828	\$ 9,909,890	\$ 445,000	\$ 31,386,939	\$ 1,111,195	\$ 4,000,000	\$ 26,275,744
2015	\$ 1,010,061,458	\$ 40,402,458	\$ 10,576,085	\$ 2,001,195	\$ 31,827,568	\$ 18,519,967	\$ 4,000,000	\$ 9,307,601
2016	\$ 998,950,782	\$ 39,958,031	\$ 27,094,857	\$ 831,000	\$ 13,694,174	\$ 1,191,855	\$ 4,000,000	\$ 8,502,319
2017	\$ 987,962,324	\$ 39,518,493	\$ 27,455,712	\$ 2,059,855	\$ 14,122,636	\$ 24,478,580	\$ 4,000,000	\$ (14,355,944)
2018	\$ 977,094,738	\$ 39,083,790	\$ 49,874,437	\$ 794,500	\$ (9,996,147)	\$ -	\$ 4,000,000	\$ (13,996,147)

¹ Assumes a 1.1% decline in Net Assessed Valuation (NAV) each year, calculated from prior year's NAV, which corresponds to the average annual percent decline in NAV experienced over the past six years.

² Gross Debt Capacity is calculated as twelve percent of NAV divided by three.

³ Outstanding Debt (carried over from prior year) is calculated as prior year's Outstanding Debt minus prior year's Debt Paydown plus prior year's New Debt Issued.

⁴ Net Debt Capacity is calculated as Gross Debt Capacity minus Outstanding Debt plus Debt Paydown.

⁵ Available Debt Capacity is calculated as Net Debt Capacity minus New Debt Issued minus Exigency Reserve.

Town of Highland
Board of Sanitary Commissioners
Sewer System Evaluation Survey

Debt Capacity Calculation
Alternative 3 - 10 Year Solution

May 2, 2014

Fiscal Year	Net Assessed Valuation (NAV) ¹	Gross Debt Capacity ²	Outstanding Debt ³	Debt Paydown	Net Debt Capacity ⁴	New Debt Issued	Exigency Reserve	Available Debt Capacity ⁵
2014	\$ 1,021,295,711	\$ 40,851,828	\$ 9,909,890	\$ 445,000	\$ 31,386,939	\$ 1,090,965	\$ 4,000,000	\$ 26,295,974
2015	\$ 1,010,061,458	\$ 40,402,458	\$ 10,555,855	\$ 1,980,965	\$ 31,827,568	\$ 18,182,747	\$ 4,000,000	\$ 9,644,821
2016	\$ 998,950,782	\$ 39,958,031	\$ 26,757,637	\$ 831,000	\$ 14,031,394	\$ 231,291	\$ 4,000,000	\$ 9,800,103
2017	\$ 987,962,324	\$ 39,518,493	\$ 26,157,928	\$ 1,099,291	\$ 14,459,856	\$ 13,634,527	\$ 4,000,000	\$ (3,174,671)
2018	\$ 977,094,738	\$ 39,083,790	\$ 38,693,164	\$ 794,500	\$ 1,185,126	\$ -	\$ 4,000,000	\$ (2,814,874)

¹ Assumes a 1.1% decline in Net Assessed Valuation (NAV) each year, calculated from prior year's NAV, which corresponds to the average annual percent decline in NAV experienced over the past six years.

² Gross Debt Capacity is calculated as twelve percent of NAV divided by three.

³ Outstanding Debt (carried over from prior year) is calculated as prior year's Outstanding Debt minus prior year's Debt Paydown plus prior year's New Debt Issued.

⁴ Net Debt Capacity is calculated as Gross Debt Capacity minus Outstanding Debt plus Debt Paydown.

⁵ Available Debt Capacity is calculated as Net Debt Capacity minus New Debt Issued minus Exigency Reserve.

Town of Highland
Board of Sanitary Commissioners
Sewer System Evaluation Survey

Debt Capacity Calculation
Alternative 3 - 25 Year Solution

May 2, 2014

Fiscal Year	Net Assessed Valuation (NAV) ¹	Gross Debt Capacity ²	Outstanding Debt ³	Debt Paydown	Net Debt Capacity ⁴	New Debt Issued	Exigency Reserve	Available Debt Capacity ⁵
2014	\$ 1,021,295,711	\$ 40,851,828	\$ 9,909,890	\$ 445,000	\$ 31,386,939	\$ 1,107,047	\$ 4,000,000	\$ 26,279,892
2015	\$ 1,010,061,458	\$ 40,402,458	\$ 10,571,937	\$ 1,997,047	\$ 31,827,568	\$ 18,450,790	\$ 4,000,000	\$ 9,376,778
2016	\$ 998,950,782	\$ 39,958,031	\$ 27,025,680	\$ 831,000	\$ 13,763,351	\$ 416,175	\$ 4,000,000	\$ 9,347,176
2017	\$ 987,962,324	\$ 39,518,493	\$ 26,610,855	\$ 1,284,175	\$ 14,191,813	\$ 16,997,927	\$ 4,000,000	\$ (6,806,114)
2018	\$ 977,094,738	\$ 39,083,790	\$ 42,324,607	\$ 794,500	\$ (2,446,317)	\$ -	\$ 4,000,000	\$ (6,446,317)

¹ Assumes a 1.1% decline in Net Assessed Valuation (NAV) each year, calculated from prior year's NAV, which corresponds to the average annual percent decline in NAV experienced over the past six years.

² Gross Debt Capacity is calculated as twelve percent of NAV divided by three.

³ Outstanding Debt (carried over from prior year) is calculated as prior year's Outstanding Debt minus prior year's Debt Paydown plus prior year's New Debt Issued.

⁴ Net Debt Capacity is calculated as Gross Debt Capacity minus Outstanding Debt plus Debt Paydown.

⁵ Available Debt Capacity is calculated as Net Debt Capacity minus New Debt Issued minus Exigency Reserve.

APPENDIX E
DECEMBER 2012
TOTAL DEBT IMPACT

As of 31 December 2012

Overlapping Jurisdictions

Direct Governmental	\$ 17,090,469
Direct Business Activity	\$ 12,892,000
Indirect Overlapping Debt	\$ 46,701,035

Total of All Debt \$ 76,683,504

Per Capita Debt	\$	3,269
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Population	23458
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Total Personal Income	\$704,584,488
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Debt as Percentage of Personal Income = 10.9%

APPENDIX F
CURRENT ESTIMATE OF DEBT
FOR HIGHLAND TAXPAYERS

Current Estimate of Debt
For Highland Taxpayers

Debt from 2012 CAFR	\$76,683,504
2013 Town Bond for Street Improvements	\$2,000,000
2014 Town Redevelopment Bond	\$2,000,000
Fall 2014 Town Police Station Bond	\$10,600,000
Sanitary District SSO Bond Alt 3-10 Year	<u>\$31,799,274</u>
Projected Total Debt	\$123,082,778

APPENDIX G
CURRENT ESTIMATE OF
TOTAL DEBT IMPACT

Overlapping Jurisdictions		Estimated Current
Direct Governmental	\$	31,690,469
Direct Business Activity	\$	44,691,274
Indirect Overlapping Debt	\$	<u>46,701,035</u>
Total of All Debt	\$	123,082,778
Per Capita Debt	\$	<u>5,215</u>
Population		<u>23600</u>
Total Personal Income		<u>\$724,916,802</u>
Debt as Percentage of Personal Income = 17.0%		

APPENDIX H
COMPARISON OF DEBT AND
INCOME
OF
VARIOUS INDIANA CITIES AND
TOWNS

Town of Highland
Board of Sanitary Commissioners
Sewer System Evaluation Survey

Comparison of Debt and Income of Various Indiana Cities and Towns

May 2, 2014

City/Town	Total Overlapping and Direct Debt	Population	Debt (Per Capita)	Total Personal Income	Debt (% of Personal Income)
Highland	\$123,082,778	23,600	\$5,215	\$724,916,802	17.0%
Fort Wayne	\$705,511,000	253,691	\$2,781	\$8,929,670,000	7.9%
South Bend	\$469,055,287	101,175	\$4,636	\$3,381,885,843	13.9%
Fishers	\$444,620,084	79,127	\$5,568	\$14,656,275,000	3.0%
Noblesville	\$413,960,969	55,243	\$7,493	\$2,862,900,000	14.5%

APPENDIX I
COMPUTATION OF ANNUAL COST
PER CUSTOMER FOR
ALTERNATIVE 3-10YEAR SOLUTION

Town of Highland
Sewer System Evaluation Survey
Computation of Annual Cost Per Customer
Alternate 3 - 10 Year Solution

5th Street Basin Storage Alternate 3 - 10 Year Solution Operation, Maintenance and Replacement					
Item Description	Construction Cost	Annual Operation Cost	Annual Maintenance Cost	Annual Replacement Cost	Annual O, M&R Cost
Lift Station	\$ 3,675,800	\$ 32,715 ⁽¹⁾	\$ 35,000	\$ 57,660 ⁽⁴⁾	\$ 125,375
Relief Sewer	\$ 3,299,763		\$ 25,000	\$ 43,997 ⁽⁵⁾	\$ 68,997
Force Main	\$ 2,241,689		\$ 25,000	\$ 29,889 ⁽⁵⁾	\$ 54,889
Storage	\$ 7,991,074	\$ 63,258 ⁽²⁾	\$ 20,000	\$ 135,144 ⁽³⁾	\$ 218,402
Land	\$ 181,705				\$ -
Hammond	\$ 10,061,675				\$ -
Total O, M&R Annual Cost					\$ 467,663

Notes:

- ⁽¹⁾ Operating cost based on elec cost of 108.6 HP pump for 96 hours/yr at \$0.10/KWH plus demand charge of 45% of full time operation.
⁽²⁾ Operating cost based on elec cost of 210 HP(3@70 HP) mixer/aerator for 96 hours/yr at \$0.10/KWH plus demand charge of 45% of full time operation.
⁽³⁾ Based on 60 yr design life less \$200000/\$7080000 = 2.9% ratio of equipment at 30 yr life.
⁽⁴⁾ Based on 75 yr design life with 25% of construction cost associated with equipment and piping with 30 yr design life.
⁽⁵⁾ Based on 75 yr design life.

Financing				
\$ 21,555,875 x 0.06722 =	\$ 1,448,985	3% for 20 yr	Construction Cost less Hammond and Land Costs	
\$ 10,243,400 x 0.070361 =	\$ 720,736	3.5% for 20 yr	Hammond + Land Cost	
Total	\$ 2,169,721			

Annual Cost per Customer				
O, M&R	\$ 467,663	Customers	8,875	
Financing	\$ 2,169,721	Annual/Cost per Customer	\$	297.17
Total	\$ 2,637,384	Monthly/Cost per Customer	\$	24.76